

**Table 5: Effects of Governance Reforms on Per Capita Income**

Independent Variable	Standardized Coefficient	t statistic	significance	Adjusted R square
Dependent Variable: Average Per Capita Income 1996-2002– Purchasing Power Parity \$1995				
(1) <u>Developing Countries Sample (df =123)</u>				
Rentier Dummy	0.302	5.413	0.000	0.635
Over-all Governance	0.390	2.756	0.007	0.640
Control of Corruption	0.379	2.699	0.008	0.650
Capital Formation (% GDP)	0.129	2.386	0.019	0.666
(2) <u>Countries with Per Capita Income Greater than \$1,000 Sample (df =128)</u>				
Control of Corruption	0.878	21.513	0.000	0.781
Rentier Dummy	0.152	3.236	0.002	0.787
Primary Producer Dummy	-0.120	-2.512	0.013	0.796
(3) <u>Countries with Per Capita Income Greater less than \$1,000 Sample (df =20)</u>				
Capital Formation (% GDP)	.442	2.146	.045	
(4) <u>MENA Countries Sample (df =16)</u>				
Control of Corruption	0.576	4.989	0.000	0.657
Rentier Dummy	0.493	4.269	0.001	0.830
(5) <u>Non-MENA Countries Sample (df =132)</u>				
Control of Corruption	.540	3.296	.001	.797
Rule of Law	.364	2.220	.028	.803

Source: Robert Looney, "Corruption in the Middle East: Challenges Posed for the United States," *Strategic Insights* 3, No. 11 (November 2004), [www.ccc.navy.mil/si/2004/nov/looneyNov04.asp](http://www.ccc.navy.mil/si/2004/nov/looneyNov04.asp)

Notes: Stepwise Regression with all variables entered initially. Independent variables = rentier dummy, primary producer dummy, capital formation (% GDP). Independent governance variables: voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, control of corruption, overall governance (average of governance measures). Non-dummy variables are averages over the 1996-2002 period.

Governance data from: Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi, *Governance Matters III: Governance Indicators for 1996-2002*, (Washington: World Bank, June 30, 2003). Capital formation share of GDP – World Development Indicators 04 CD-ROM (Washington: World Bank 2004).